

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF THE APPLICATION OF )  
OKLAHOMA GAS AND ELECTRIC COMPANY )  
FOR AN ORDER OF THE COMMISSION )  
AUTHORIZING APPLICANT TO MODIFY ITS )  
RATES, CHARGES, AND TARIFFS FOR RETAIL )  
ELECTRIC SERVICE IN OKLAHOMA. )

CAUSE NO. PUD 200800398

**FILED**  
FEB 27 2009

**APPLICATION**

**COURT CLERK'S OFFICE -- OKC  
CORPORATION COMMISSION  
OF OKLAHOMA**

COMES NOW Oklahoma Gas and Electric Company, hereinafter referred to as "Applicant," "OG&E," or "Company," and in accordance with 17 O.S.A. §152 and the Commission's rules promulgated thereunder, alleges and shows as follows:

**I. Parties.**

OG&E is an investor owned electric public utility with plant, property, and other assets dedicated to and for the generation, production, transmission, distribution and sale of electric power and energy at wholesale and retail levels within the states of Oklahoma and Arkansas. OG&E is incorporated within the State of Oklahoma, is subject to the regulatory authority of this Commission with respect to its retail rates and charges within the State of Oklahoma, and has the following address as its principal place of business:

321 N. Harvey Avenue  
Oklahoma City, Oklahoma 73102

Applicant is represented for the purpose of these proceedings by the following named individuals whose addresses are reflected below:

William J. Bullard, OBA No. 1302  
Patrick D. Shore, OBA No. 8205  
Kimber L. Shoop, OBA No. 19571  
Oklahoma Gas and Electric Company  
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All correspondence, pleadings and communications with respect to this proceeding should be directed to all named counsel at their respective addresses.

## **II. Facts.**

A. On December 12, 2008, pursuant to OAC 165:70-3-7 of the Commission's Minimum Standard Filing Requirements, Applicant filed its Notice of Intent, advising the Commission of its intent to file an Application seeking Commission review of OG&E's rates and charges for retail electric service within the State of Oklahoma. OG&E tenders with the filing of this Application its complete application package as required by OAC 165:70-3-1, and following the filing of the application package, the Company will be providing to the Public Utility Division its supplemental package as required by OAC 165:70-5-20. OG&E represents to the Commission that all of its reports to the Commission have been provided as required by Commission Order, and that the Company has no outstanding obligations as defined in the Minimum Standard Filing Requirements, OAC 165:70. (See OAC 165:70-3-2.)

B. Applicant's current base rates and charges were approved by the Commission in Cause No. PUD 200500151 by its Order No. 516261 issued December 12, 2005 based on a test year ending December 31, 2004.

This Application and supporting documentation is based upon a test year ending September 30, 2008, in compliance with OAC 165:70-3-3. As reflected in the application package and supporting testimony filed in support of this Application, OG&E proposes:

1. to implement a general rate increase of \$110,325,328 effective in the month of September, 2009;
2. to include approximately \$1.6 billion in OG&E rate base for capital investments made since rates were last reviewed and approved based on a 2004 test year;
3. to recognize O&M expenses that have increased since rates were last reviewed and approved based on a 2004 test year;

4. to recognize all known and measurable changes;
5. to terminate the previously approved riders for the Redbud generating facility (approved in Order No. 559892 in Cause No. PUD 200800086) and the Centennial Wind Farm (approved in Order No. 524078 in Cause Nos. PUD 200500059 and 200500177) and include such costs in base rates;
6. to move all current costs contained within the Security Rider (which was originally approved in Order No. 499043 in Cause No. PUD 200200168) into base rates while preserving the Security Rider for recovery of future security costs;
7. to modify the Cogeneration Credit Rider;
8. to terminate the Chain Account Aggregation Rider;
9. to terminate OG&E's Performance Award for Curtailed Energy rider ("PACE"), Curtailment Rider ("CR") and Interruptible Rider ("IR") and replace these three riders with a Load Reduction rider;
10. to establish a test year ending September 30, 2008, with pro forma adjustments;
11. to implement a SmartPower recovery rider to recover costs associated with OG&E's SmartPower deployment in Norman, Oklahoma;
12. to seek waiver of OAC 165: 35-21-21(3) to allow for remote disconnection of service for advanced meters used in SmartPower deployment;
13. to seek certain changes to OG&E's terms and conditions of service, including but not limited to, changes necessary to allow pre-paid billing, remote connect/disconnect, and paperless billing;
14. to seek changes to existing rate tariffs, including but not limited to:
  - a. modifying the Residential customer charges, kWh block structures, and energy prices;
  - b. increasing the discount for residential customers who qualify for the LIHEAP rider and also renaming the LIHEAP rider the Low Income Assistance Program ("LIAP") rider;
  - c. modifying the Company's Time-of-Use ("TOU") tariffs, including adjustment of embedded fuel by time period;
  - d. modifying the General Service customer charges, the peak season kWh price, and kWh block prices;

- e. modifying the Oil and Gas Producers (“OGP”) rate tariff;
  - f. modifying the Public Schools – Non-Demand (“PS-ND”) and Public Schools-Demand (“PS-D”) rate tariffs;
  - g. terminating the Oil and Gas Producers Levelized (“OGP-LEV”), Public Schools-Non-Demand Compressed Time-of-Use (“PS-ND-C-TOU”), Public Schools-Demand Compressed Time-of-Use (“PS-D-C-TOU”); Power and Light Oil and Gas Producers (“PL-OGP”), Power and Light Levelized Demand (“PL-LEV”), and Large Power and Light Levelized Demand (“LPL-LEV”) rate tariffs;
  - h. modifying the Municipal Water Pumping (“PM”) rate tariffs;
  - i. modifying Large Power and Light (“LPL”) rate tariffs;
  - j. modifying the Power & Light (“PL”) tariff;
  - k. increasing the power factor for LPL TOU, PL, PL TOU, PS-D, and PS-D-TOU customers from 80 percent to 90 percent;
  - l. modifying Municipal Roadway and Area Lighting (“LM”) and Outdoor Security Lighting (“OSL”) rate tariffs;
  - m. modifying QF-1 and QF-2 rate tariffs;
  - n. modifying the Day-Ahead Pricing (“DAP”) program;
15. to seek approval of a new normalized 1CP average and excess production demand allocator;
  16. to seek approval of a new weather normalization methodology;
  17. to seek approval of the proposed “zero intercept” study; and
  18. to establish two Variable Peak Pricing tariffs (one for residential customers and one for general service customers) to be used in OG&E’s SmartPower deployment in Norman, Oklahoma.

C. Applicant is not earning sufficient operating income to produce a fair and reasonable return on capital or a fair and reasonable return on the value of its plant, property and other assets dedicated to public utility service within the state of Oklahoma. Applicant must have increased rates and consequent additional revenues if Applicant is to continue to provide adequate and reliable electric service and earn a fair, just and reasonable rate of return on its investment.

D. In this Application, the request is for increased rates to produce sufficient additional revenue to achieve a 12.25 percent return on a 54.142 percent equity ratio for the test year, which Applicant alleges to be a minimum fair, just and reasonable rate.

**III. Legal Authority.**


The Commission has jurisdiction in these proceedings by virtue of Article IX, Sections 18 and following of the Constitution of the State of Oklahoma, 17 O.S. §§151 et seq., and the Rules and Regulations of this Commission, including the Commission's Minimum Standard Filing Requirements as set forth in OAC 165:70.

**IV. Relief Requested.**

WHEREFORE, premises considered, OG&E requests that the Commission, after giving notice of hearing and after appropriate investigation and hearing as prescribed by its rules, issue its Order authorizing Applicant to adjust its retail rates subject to jurisdiction of the Commission by the amount hereinabove set forth, authorizing Applicant to file tariffs reflecting the proposals hereinabove set forth to permit Applicant to earn a reasonable return on its capital and a reasonable rate of return on the value of its plant, property and other assets devoted to public utility service in the state of Oklahoma, and for such other and further relief as the Commission may determine to be fair, just, and equitable.

Respectfully submitted,

OKLAHOMA GAS AND ELECTRIC COMPANY

By 

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**Attorneys for Applicant**

Certificate of Hand Delivery

On the 27th day of February, 2009, a true and correct copy of the above and foregoing Application was hand-delivered to David B. Dykeman, Director, Public Utility Division, Andrew J. Tevington, Deputy Director, Public Utility Division, Brandy Wreath, Chief of Energy and Water, Public Utility Division, and Lenora F. Burdine, Deputy General Counsel, Oklahoma Corporation Commission, 2101 Lincoln Boulevard, Oklahoma City, Oklahoma 73105, and William D. Humes, Assistant Attorney General, 313 N.E. 21<sup>st</sup> Street, Oklahoma City, Oklahoma 73105.

  
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William J. Bullard